

PUBLIC DISCLOSURE

OCTOBER 15, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

SEAMEN'S BANK

**221 COMMERCIAL STREET
PROVINCETOWN, MA 02657**

**DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **SEAMEN'S BANK** prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of **OCTOBER 15, 2002**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "High Satisfactory."

The bank's rating is based upon the five performance criteria analyzed in this report. The loan-to-deposit ratio has averaged 63.0 percent for the period September 30, 2000, to June 30, 2002. The ratio has remained consistent since the last state CRA examination on July 10, 1998. A review of the bank's origination of residential mortgage loans and small business loans from January 1, 1999, through year-to-date September 30, 2002, revealed that the vast majority of loans were extended within the assessment area. The distribution of loans to borrowers of different income levels represents good penetration among the demographic composition of the assessment area. The bank originated 29.4 percent of its loans to low and moderate-income borrowers. In addition, the bank originated a large majority of its small business loans to businesses with annual revenues under a million and with loan amounts less than \$100,000. The geographic distribution reflects a good penetration throughout the assessment area with a large percentage of the bank's residential and small business loans originated in moderate-income areas. In addition, the bank participates in loan programs designed to assist low and moderate-income individuals. No CRA-related complaints have been received since the last examination. The fair lending examination revealed no evidence of discriminatory acts or practices.

PERFORMANCE CONTEXT

Description of Institution

Seamen's Bank is a mutually owned state-chartered institution incorporated in 1851 to serve the various credit and savings needs of individuals and businesses on the lower Cape Cod area.

As of June 30, 2002, Seamen's Bank had total assets of \$188 million. Of these total assets, \$112 million or 59.6 percent were in the form of loans (gross). The following table reflects Seamen's Bank's loan portfolio (by percentage) as of June 30, 2002.

Loan Portfolio Composition

Loan Type	Amount (\$000s)	Percent
First Mortgage (1-4 family)	52,849	46.9
Commercial Real Estate	41,634	36.9
Equity Lines of Credit	5,773	5.1
Multifamily	3,776	3.3
Commercial and Industrial	2,911	2.6
Municipal	2,763	2.4
Second Mortgage (1-4 family)	1,524	1.4
Consumer Loans	1,349	1.2
Construction and Land Development	259	0.2
Less Unearned Income	(38)	-
Total Gross Loans	112,800	100.0

Source: June 30, 2002 Consolidated Report of Condition

Seamen's Bank is headquartered in Provincetown, Massachusetts at 221 Commercial Street. Office hours are convenient and appear to be accessible to all segments of the assessment area. Office hours are Monday through Thursday from 8:30 a.m. to 4:00 p.m. and Friday from 8:30 a.m. to 6:00 p.m. In addition to the main office, the bank also operates three banking offices in Provincetown, Truro, and Wellfleet. All of these offices are open from 8:30 a.m. to 4:00 p.m. Monday through Friday. The bank has not closed any branches since the previous examination.

Seamen's Bank offers a full range of credit and deposit services including checking accounts, ATM cards (linked to NYCE & Cirrus networks), savings accounts and certificates of deposit. The bank's primary focus continues to be single family residential lending. However, the bank also offers other loan products including commercial real estate loans, which make up a significant percentage of the bank's loan portfolio.

The bank has competition from several financial institutions within its assessment area. These financial institutions include but are not limited to the following: Cape Cod Bank and Trust Company and Cape Cod Five Cents Savings Bank, as well as representatives of regional and national mortgage companies. The market influence from these institutions appears to be significant, and as a result, serves to keep the bank's rates and services offered competitive.

There appears to be no financial or legal impediments that would limit the bank's ability to meet the credit needs of the assessment area. Seamen's Bank's performance under the Community Reinvestment Act (CRA) was assigned a "Satisfactory" CRA rating at the previous FDIC examination dated February 16, 1999. The Commonwealth of Massachusetts Division of Banks assigned a rating of "High Satisfactory" at the examination dated July 10, 1998.

DESCRIPTION OF ASSESSMENT AREA

Demographic and Economic Data

The Community Reinvestment Act (CRA) requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The bank has defined its assessment area as the towns of Provincetown, Truro, Wellfleet, and Eastham. The towns of Provincetown, Truro, and Wellfleet are located in a non-Metropolitan Statistical Area (MSA) and Eastham is located in the Barnstable MSA. The assessment area is located on the "Lower Cape" and is comprised of one moderate-income and two middle-income census tracts.

According to 1990 US Census Data, these four communities have a combined population of 12,089 and a total of 14,416 housing units. Of the total housing units, 3,718 or 25.8 percent are owner occupied, 1,959 or 13.6 percent are rental units, and 8,739 or 60.6 percent are vacant housing units. In addition, 663 or 11.1 percent of the total number of households in the assessment area are living below the poverty level. This economic data represents those individuals who make the assessment area their primary residence. However, during the summer months, the population swells in excess of 50,000 people in Provincetown alone according to estimates compiled by the Cape Cod and Islands Appraisal Group. It is this seasonal population that contributes to the low percentage of owner-occupied units and the high percentage of vacant units. There are 5,710 households in the assessment area. A household is defined as all persons occupying a housing unit. Of the total households, 3,202 are families with a median family income of \$32,548.

Real estate values on the Cape are generally stable to moderately increasing. From 1996 to 2001, the number of sales on Cape Cod decreased by approximately 8 percent, but dollar volume increased 62 percent and median sales price increased 68 percent. Median sales price in the area has increased 95 percent in the past five years. The median housing value for the assessment area is \$178,739. This figure is based on 1990 housing data. A more accurate figure was obtained using the latest edition of Bankers and Tradesman. According to the October 21, 2002 publication, the median housing values for the assessment area was \$386,250. This figure represents a 1.1 percent increase over the value of a home last year. Provincetown had the greatest increase at \$470,000. The unemployment rate for the assessment area for September 2002 was 3.5 percent with the highest figure in Provincetown, which was 4.9 percent.

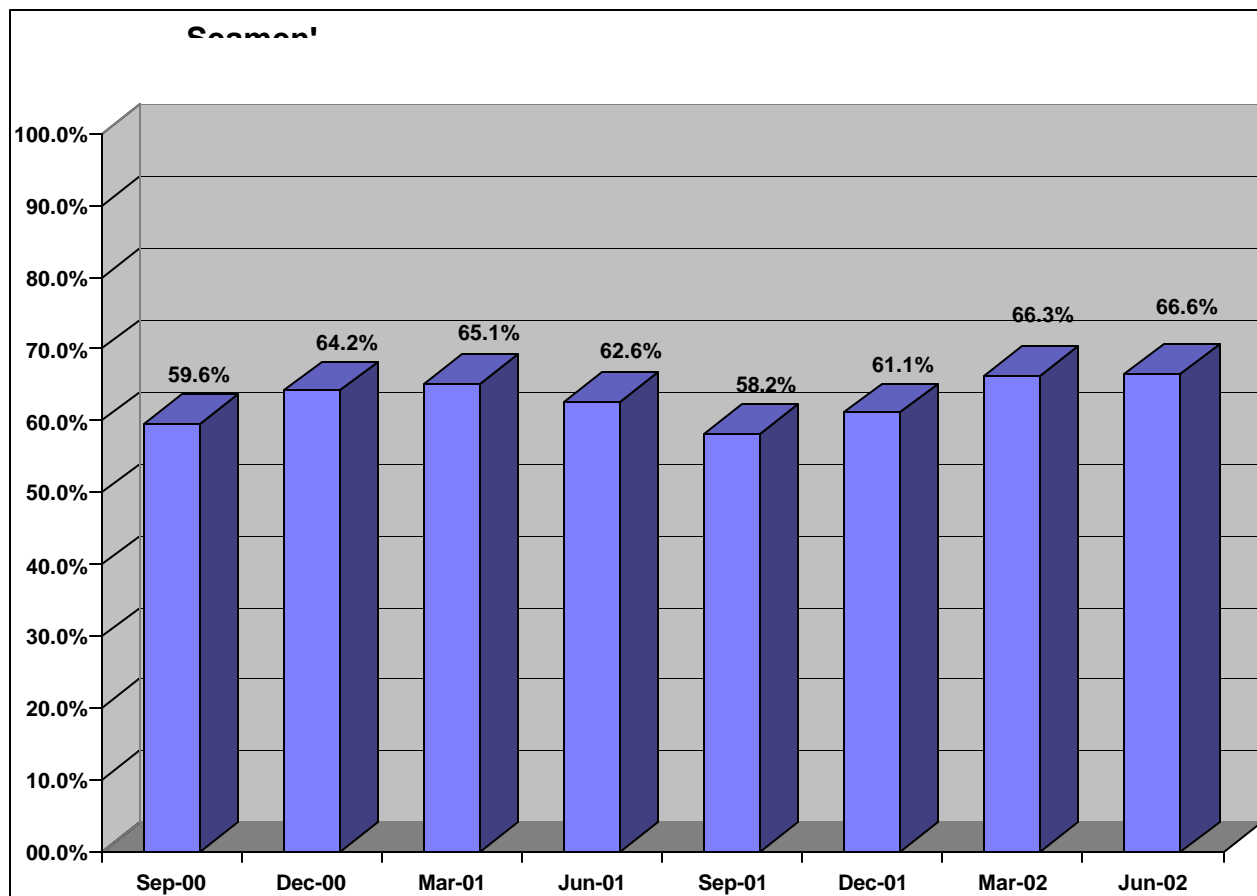
Cape Cod is located in Southeastern Massachusetts. It is a renowned resort-residential region consisting of 408 square miles of land area and fifteen towns. The region offers over 300 miles of salt-water tidal shoreline on the Atlantic Ocean and Cape Cod Bay, and 365 freshwater lakes and ponds totaling over 10,000 acres. The area generates a majority of its income from the tourist trade with 75 percent of the private sector employed in the retail and service industries.

PERFORMANCE CRITERIA

1. LOAN-TO-DEPOSIT ANALYSIS

Based upon the following, Seamen's Bank net loan-to-deposit ratios appears to be reasonable and, as such, is rated "Meets Standards for Satisfactory Performance".

An analysis of Seamen's Bank's net loan-to-deposit ratio was performed during the examination. The analysis utilized the last eight quarters of the Federal Financial Institutions Examination Council (FFIEC) Call Report data for this institution. The bank's net loans to total deposits as reported to the FFIEC were reviewed for the quarters beginning September 30, 2000 through June 30, 2002. The bank's average net loan-to-deposit ratio for this time period was determined to be 63.0 percent. The following chart indicates a slightly increasing ratio during the period. This pattern started with the quarter ending September 30, 2001 and reached its highest level at quarter ending June 30, 2002 with a loan-to-deposit ratio of 66.6 percent. During the period reviewed, net loans increased by 27.7 percent while total deposits increased by 14.3 percent. Loan growth of \$23.9 million was again dominated by strong residential loan demand. Correspondingly, the bank has experienced significant asset growth over this same time period. The bank's assets have grown from \$164 million as of September 30, 2000 to its current level of \$188.0 million. This represents a 14.4 percent increase in the asset size of the institution. Refer to the following table for details of loan-to-deposit ratios for the time period covered.



Based on the above information and Seamen's Bank's capacity to lend, the strong competition from other institutions in the assessment area, demographic and economic factors present in the assessment area, and the lending opportunities available in the assessment area, the bank's loan-to-deposit ratio meets the standards for satisfactory performance.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

Seamen's Bank's 1999, 2000, 2001 and year-to-date September 30, 2002 loan data were reviewed to determine the amount of credit extended within the bank's assessment area. Loan data represents mortgage loans (home purchase or refinance) secured by residential 1-to-4 family real estate. During this period, the bank originated 149 loans totaling approximately \$26,588,137, of which, 147 loans or 98.7 percent of the number, totaling \$26,073,137 or 98.1 percent of the dollar amount were originated in the bank's assessment area.

Provincetown accounted for the largest number of originations with 41.6 percent. Provincetown also accounted for the largest dollar volume of originations with 40.2 percent.

Refer to the following tables for additional information regarding the bank's lending, by both number and dollar amount.

Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
1999	43	97.7	6,890	98.0	1	2.3	140	2.0
2000	30	100.0	5,499	100.0	0	0.0	0	0.0
2001	48	98.0	8,556	95.8	1	2.0	375	4.2
2002	26	100.0	5,128	100.0	0	0.0	0	0.0
Total	147	98.7	26,073	98.1	2	1.3	515	1.9

Source: Seamen's Bank internal register

As indicated in the tables above, a large percentage of the loans originated in 1999, 2000, 2001 and year-to-date 2002 were inside the bank's assessment area.

In addition, a review of the bank's small business loan activity was conducted. A small business loan is defined as "a loan with an original amount of \$1 million or less that is: secured by non-farm nonresidential properties; or commercial and industrial loans to US addressees, as defined in the FDIC Call Report Instructions." The bank originated 272 small business loans totaling \$33,317,529 million during this period. A total of 268 loans totaling \$32,709,067 million were originated to businesses within the bank's assessment area, representing 98.5 percent by number and 98.2 percent by dollar volume. Please refer to the following table detailing the distribution of small business loans inside and outside the assessment area.

Distribution of Small Business Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
1999	70	98.6	8,240	93.9	1	1.4	538	6.1
2000	76	98.7	8,346	99.5	1	1.3	40	0.5
2001	75	100.0	9,863	100.0	0	0.0	0	0.0
2002	47	95.9	6,260	99.5	2	4.1	30	0.5
Total	268	98.5	32,709	98.2	4	1.5	608	1.8

Source: Seamen's Bank internal register

Based on the above information, it is evident that a large percentage of the number and dollar amount of the bank's residential mortgage loan originations and small business loans has been extended within its assessment area. Therefore, the institution's level of lending within its assessment area exceeds the standards for satisfactory performance.

3. BORROWER CHARACTERISTICS

The bank's residential loans were further analyzed to determine the distribution of lending by borrower income level. The borrowers' reported incomes were compared to the median family incomes for Non Metropolitan Statistical Area (MSA) and for the Barnstable Metropolitan Statistical Area (MSA). The income figures are based on estimated Department of Housing and Urban Development (HUD) information. The estimated incomes for non-MSA's for 1999, 2000, 2001 and 2002 are \$46,400, \$48,000, \$50,500 and \$52,100, respectively. The estimated incomes for the Barnstable MSA for 1999, 2000, 2001, and 2002 are \$46,300, \$47,700, \$51,700 and \$56,500, respectively.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

The following table shows the number of loans granted to low, moderate, middle and upper-income borrowers in comparison to the number of households in the assessment area in each respective income group.

Distribution of Loans by Borrower Income											
Median Family Income Level	% Total House holds	1999		2000		2001		2002		Total	
		#	%	#	%	#	%	#	%	#	%
Low	30.0	9	20.9	2	6.7	8	16.7	3	11.5	22	15.0
Moderate	18.5	6	14.0	4	13.3	8	16.7	3	11.5	21	14.3
Middle	21.1	13	30.2	8	26.7	11	22.9	6	23.1	38	25.9
Upper	30.4	15	34.9	16	53.3	21	43.7	14	53.9	66	44.8
Total	100.0	43	100.0	30	100.0	48	100.0	26	100.0	147	100.0

Source: 1990 U.S. Census, Seamen's Bank Loan Data

The bank extended 22 loans to low-income borrowers representing 15.0 percent of the total loans within the assessment area. This percentage falls well below the 30.0 percent of low-income households within the assessment area. In addition, the bank extended 21 loans to moderate-income borrowers, representing 14.3 percent by number, which is lower than 18.5 percent of the moderate-income households residing within the assessment area. Although the percentage of loans to low and moderate-income borrowers is less than the percentage of low and moderate-income households in the area, the number of loans is reasonable considering the prohibitively high cost of homeownership in the assessment area and the low percentage of owner-occupied properties in the area.

The majority of loans were originated to upper-income borrowers. This is reasonable given the economic characteristics of the area, the high percentage of upper-income individuals, and the strong loan demand from borrowers in this income category.

The small business loans originated within the bank's assessment area were further analyzed to determine the typical loan amount at origination. The majority of the 268 small business loans originated in the bank's assessment area, during this time period, had original loan amounts of \$100,000 or less. The following table depicts the distribution of small business loans within the bank's assessment area by loan amount at origination.

Distribution of Small Business Loans by Loan Size								
Loan Size (000s)	<\$100		\$100-\$250		>\$250-\$1,000		Total	
	#	%	#	%	#	%	#	%
1999	46	65.7	13	18.6	11	15.7	70	100.0
2000	59	77.6	8	10.5	9	11.9	76	100.0
2001	50	66.7	14	18.7	11	14.6	75	100.0
2002	36	76.6	2	4.3	9	19.1	47	100.0
Total	191	71.3	37	13.8	40	14.9	268	100.0

Source: Seamen's Bank Internal Loan Register

Small business loans originated within the bank's assessment area, during this period, were also analyzed to determine the distribution among businesses of various sizes. The majority of small business loans originated during this period were granted to small businesses, whose annual revenues were \$1 million or less. This indicates the bank is serving the needs of very small businesses in the assessment area. The following tables depict the distribution of small business loans within the bank's assessment area by revenues of the business.

Distribution of Small Business Loans by Gross Annual Revenues of Business						
Gross Annual Revenues (000s)	<=\$1,000		>\$1,000		Total	
	#	%	#	%	#	%
1999	63	90.0	7	10.0	70	100.0
2000	70	92.1	6	7.9	76	100.0
2001	70	93.3	5	6.7	75	100.0
2002	44	93.6	3	6.4	47	100.0
Total	247	92.2	21	7.8	268	100.0

Source: Seamen's Bank Internal Loan Register

As shown above, 92.2 percent of the bank's small business loans were made to businesses with gross annual revenues under a million dollars and by dollar amount, 91.1 percent went to those same businesses.

Based on the information above, the bank's lending to borrowers of different income levels including those of low and moderate income and businesses of various sizes, especially the very small business loans, exceeds the standards for satisfactory performance.

4. DISTRIBUTION OF LOANS BY CENSUS TRACT INCOME LEVEL

Loans located within the bank's assessment area were further analyzed to determine the location by census tract income level. The assessment area is comprised of 3 census tracts: 1 or 33.3 percent is designated as moderate-income and 2 or 66.7 percent is designated as middle-income.

The following table provides a breakdown, by number, of the bank's loans within its assessment area according to census tract income level. The table also shows the number of loans in comparison to the number of owner-occupied housing units in each census tract income category.

Distribution of Loans by Income Category of the Census Tract											
Census Tract Income Level	% Total Owner-Occupied Housing Units	1999		2000		2001		2002		Total	
		#	%	#	%	#	%	#	%	#	%
Moderate	25.2	17	39.5	4	13.3	27	56.3	14	53.8	62	42.2
Middle	74.8	26	60.5	26	86.7	21	43.8	12	46.2	85	57.8
Total	100.0	43	100.0	30	100.0	48	100.0	26	100.0	147	100.0

Source: 1990 U.S. Census, Seamen's Bank Loan Data

The above table shows that the bank made 42.2 percent of its loans in the moderate-income census tract. This performance significantly exceeds the 25.2 percent of owner-occupied housing units located in the single moderate-income geography in the assessment area.

Seamen Bank's small business loans were analyzed to determine the distribution by census tract income level within its assessment area. The following table depicts this distribution.

Distribution of Small Business Loans by Income Category of the Census Tract										
Census Tract Income Level	1999		2000		2001		2002		Total	
	#	%	#	%	#	%	#	%	#	%
Moderate	51	72.9	53	69.7	53	70.7	35	74.5	192	71.6
Middle	19	27.1	23	30.3	22	29.3	12	25.5	76	28.4
Total	70	100.0	76	100.0	75	100.0	47	100.0	268	100.0

Source: U.S. Census, Seamen Bank's Loan Data

As shown above, 71.6 percent of the small business loans were made in the single moderate-income geography in the assessment area.

Based on the analysis of the geographic distribution of loans and small business loans, the bank has successfully penetrated census tracts of different incomes and has dispersed loans in a manner consistent with the demographics of the assessment area. Thus, its performance in this criterion is considered to exceed satisfactory standards.

5. FAIR LENDING POLICIES AND PRACTICES

A thorough review of Seamen's Bank's public comment file revealed that the bank received no complaints pertaining to the institution's CRA performance since the previous examination.

All employees are provided with training appropriate to their job description and their responsibilities in fair lending issues. This includes information regarding both technical requirements, as well as the more substantive and subtle issues related to unintentional discrimination and quality of assistance. The bank offers counseling, if necessary, for borrowers who need financial assistance.

The bank currently employs 42 full-time personnel. The bank employs seasonal help as well. The composition of the bank's staff appears to adequately reflect the demographics of the assessment area. In addition, the bank has three bilingual employees who speak French and Portuguese and are able to assist non-English speaking customers. Bank employees are available to assist customers with potential problems or questions concerning their credit situation.

The bank offers a first-time homebuyer product for eligible participants. The program features a maximum loan to value of 90 percent without private mortgage insurance, no points, and no application fee. The borrower must put down at least three percent of their own money. The bank originated three loans for \$508,000 in 1999. In 2000, the bank originated four loans for \$655,000. In 2001, the bank originated three loans for \$692,400. The bank originated two loans for \$341,000 in 2002.

The bank's second review practice consists of a look at all applications that are slated for denial. The Board of Directors reviews all loan applications that were not recommended by the loan committee for approval. The purpose of the second review is not to conclude if a denial is justified, but to determine if there is some way that credit can be extended.

A review of the substantive provisions of anti-discrimination laws and regulations was conducted and no violations were identified.

An analysis of minority application flow was not conducted because the bank is not HMDA reporter.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

SEAMEN'S BANK

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **OCTOBER 15, 2002**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 _____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction, and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.